



## ST JOHN'S COLLEGE

### Gifts of Publicly Traded Securities

Gifts of securities—that is, gifts of stock, bonds and mutual funds—have become a popular choice for donors. And now, there's even greater reason to give: effective May 2, 2006 the federal government eliminated the capital gains tax on gifts of security to charitable organizations. Donors can now donate listed securities to the St John's College, obtain a tax-receipt for the market value of the gift and are completely exempt for any capital gains tax. The tax provision applies whether the securities are donated outright in a given year, or are donated through a bequest in your will.

Previously, donors were required to pay a capital gains tax on the donation of their securities. That tax substantially reduced the benefit of the charitable donation tax credit.

Example: a gift of securities versus a sale on securities now valued at \$10,000 which were purchased for \$2,000

	<b>Gift</b>	<b>Sale</b>
<b>Current Securities Value</b>	\$10,000	\$10,000
<b>Total Gain</b>	\$8,000	\$8,000
<b>Taxable Gain</b>	\$0	\$4,000 (50% of \$8,000)
<b>Tax on Gain</b>	\$0	\$2,000 (50% of \$4,000)
<b>Charitable Tax Receipt</b>	\$10,000	\$0

If you are considering a gift to the college and you own appreciated securities, please consider the alternative of making your gift in the form of securities. Also, if you are considering selling all or a portion of your investment in securities that has appreciated significantly, you may want to consider donating a portion of the shares to the college. You could use the charitable donation tax-receipt to eliminate the capital gains tax that you would otherwise have had to pay on the rest of the securities you plan to sell.

This provision also applies to individuals who may hold flow-through shares acquired as an employee stock option, so long as they are publicly traded.

Most gifts of securities are made through an electronic bank-to-bank transfer, and can be done in a very short timeframe. Individuals wishing to make a gift of securities are required to sign a simple transfer of securities form authorizing the gift.

Once the form has been completed, please forward a copy to your brokerage firm as well as to the Development Office by fax at: (204) 474-7610 or by email at: [jmarkstr@cc.umanitoba.ca](mailto:jmarkstr@cc.umanitoba.ca) or you can also mail it to:

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